

VZCZCXYZ0007  
RR RUEHWEB

DE RUEHLP #3370/01 3471817  
ZNR UUUUU ZZH  
R 131817Z DEC 06  
FM AMEMBASSY LA PAZ  
TO RUEHC/SECSTATE WASHDC 1648  
INFO RUEHAC/AMEMBASSY ASUNCION 6391  
RUEHBO/AMEMBASSY BOGOTA 3715  
RUEHBR/AMEMBASSY BRASILIA 7585  
RUEHBU/AMEMBASSY BUENOS AIRES 4835  
RUEHPE/AMEMBASSY LIMA 2160  
RUEHCV/AMEMBASSY CARACAS 2087  
RUEHME/AMEMBASSY MEXICO 1979  
RUEHNM/AMEMBASSY MONTEVIDEO 4283  
RUEHQT/AMEMBASSY QUITO 4724  
RUEHSG/AMEMBASSY SANTIAGO 9309  
RUEHBS/USEU BRUSSELS  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RHEHNSC/NSC WASHINGTON DC

UNCLAS LA PAZ 003370

SIPDIS

SENSITIVE  
SIPDIS

STATE FOR WHA/AND LPETRONI  
COMMERCE FOR JANGLIN  
TREASURY FOR SGOOCH

E.O. 12958: N/A  
TAGS: [ETRD](#) [EINV](#) [ECON](#) [PREL](#) [PGOV](#) [BL](#)  
SUBJECT: BOLIVIA REACTS ENTHUSIASTICALLY TO ATPDEA EXTENSION

REF: A. LA PAZ 3356  
[1](#)B. LA PAZ 1466

-----  
SUMMARY  
-----

[1](#)1. (SBU) Bolivian government and business representatives reacted enthusiastically to news of the extension of the Andean Trade Promotion and Drug Eradication Act. President Morales and other GOB officials expressed satisfaction and promised to send a team to Washington in January to begin negotiating a long-term trade agreement, and exporters declared the extension a "relief" and a sign of American goodwill. Speaking at a press event December 11, the Ambassador declared the USG ready to negotiate a trade agreement but said the initiative lay with the GOB; the Ambassador also said the USG would be watching Bolivian democracy "closely" and noted that it would influence any future trade talks. Vice President Garcia Linera told the Ambassador December 12 that the GOB considers the negotiation of a comprehensive trade arrangement an appropriate next step; ref A reports on the meeting in more detail. End summary.

-----  
GOB OFFICIALS EXPRESS SATISFACTION  
-----

[1](#)2. (U) GOB officials reacted enthusiastically to news of the extension of the Andean Trade Promotion and Drug Eradication Act (ATPDEA). At the December 8-9 South American Summit in Cochabamba, President Morales claimed credit, declaring himself the first Andean leader to push for an extension and asserting that he was alone in encouraging the Act's renewal when he raised the issue in a May letter to President Bush (ref B). He added that his government had secured an extension without spending millions on lobbyists, in contrast to previous administrations. Minister of Planning Hernando Larrazabal expressed satisfaction with the extension and

promised to send a team to Washington in January to begin negotiating a long-term trade agreement; his counterpart, Minister of Finance Luis Arce, claimed that the GOB had helped secure the extension by sending two ministers to Washington to lobby on Bolivia's behalf.

-----  
EXPORTERS AND AMBASSADOR DELIVER REMARKS  
-----

¶3. (U) At a December 11 press event highlighting the extension of ATPDEA benefits, National Chamber of Exporters President Eduardo Bracamonte prefaced the Ambassador's remarks by declaring the extension a "relief" and suggesting it was a sign of American goodwill. Bracamonte expressed gratitude for the extension and noted that thousands of Bolivian laborers would now be able to keep their jobs; he recognized, however, that the extension was only temporary and urged the GOB to consider negotiating a comprehensive trade arrangement. Employees' representatives echoed Bracamonte's comments, calling on the GOB to act to protect their jobs and ensure long-term access to U.S. markets.

¶4. (U) Speaking immediately afterward, before a crowd of 270 employees of a La Paz apparel manufacturer exporting goods to Polo Ralph Lauren and other U.S. firms, the Ambassador declared the USG ready to negotiate a trade agreement but said the initiative lay with the GOB. He noted that GOB officials had done little to secure a long-term economic agreement and urged them to decide whether they wanted Bolivia "to be more than just a strategic partner, but also a friend." The Ambassador said the USG would be watching Bolivian democracy "closely" and noted that negative change could influence any future trade talks, particularly if events seemed to contradict democratic values.

-----  
VP SAYS THE GOB WANTS TO NEGOTIATE  
-----

¶5. (SBU) Vice President Alvaro Garcia Linera told the Ambassador December 12 that the GOB considers the negotiation of a comprehensive trade arrangement an appropriate next step. He thanked the U.S. Congress for extending ATPDEA trade preferences and expressed appreciation for executive branch support, specifically mentioning Secretary Rice's letter urging a one-year extension for all four Andean countries. Garcia Linera recognized the short-term nature of the extension and said the GOB wanted to negotiate a trade agreement (albeit one whose name does not include the word "free"). He mentioned that the GOB would like to begin discussions relatively soon and recommended that the USG pay special attention to the five or six issues highlighted in the GOB's mid-September trade paper; these include patentability, government procurement rules, and international arbitration for investment disputes. Ref A reports on the meeting in more detail.

-----  
COMMENT  
-----

¶6. (SBU) GOB officials appear to understand that an additional six-month extension of ATPDEA trade preferences is possible only if a trade promotion agreement has been negotiated and ratified. Pressure from exporters and laborers, along with the GOB's own desire to avoid the ire generated by the loss of thousands of jobs, will inevitably lead the Morales administration to press for a long-term trade arrangement. If the GOB is serious about pursuing negotiations and begins to demonstrate its practical side, we will have to develop an appropriate response.

GOLDBERG